

AN INSIDE LOOK AT THE UK MARKET 2012/13 UK REPORT

HILLS BALFOUR

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The background of the slide is a photograph of a desert landscape at sunset. Two large, dark rock formations are silhouetted against a vibrant sky. The sky transitions from a deep purple at the top to a bright orange and red near the horizon. The foreground is dark and mostly obscured by the silhouettes of the rocks.

UK MARKET SO WHAT'S NEW?

MARKET AT A GLANCE

UK Population
63.2million

Greater London
Population
8.17million

GDP Increase of
0.3%

Unemployment
Rate
7.8%

Employment
rate
29.7million

0.5% interest rate
since
2009 April

- The British Chambers of Commerce (BCC) upgraded its growth forecasts at the end of May 2013 for the next three years from:
 - 0.6% to 0.9% in 2013
 - 1.7% to 1.9% in 2014
 - 2.2% to 2.4% in 2015

MARKET AT A GLANCE

- Foreign holiday prices up 6.1%
- The cost of a foreign holiday rose by more than twice the rate of the Consumer Price Index
- A 15.7 percent increase in airfares during the past 12 months was responsible for a large part of the higher cost of foreign holidays
- The Pound, which has fallen by more than 20 percent against the US dollar since 2007, is expected to depreciate further in 2013.
- Air Passenger Duty is still on the rise
- Upturn in consumer spending will gradually gather momentum, with growth of 1.2% in 2013, 1.9% in 2014 and 2.2% in 2015

REDmarke Research



MARKET AT A GLANCE

- The ongoing fight continues to try and reduce Air Passenger Duty (APD) for consumers and highlighted in the media
- APD is an excise duty which is charged on the carriage of passengers flying from a UK airport on an aircraft that has an authorised take-off weight of more than ten tonnes or more than twenty seats for passengers
- There is an ongoing battle between airlines arguing why competitors should be charged more (low-cost carriers wanting long-haul carriers to have to pay more APD and vice versa)
- Air passenger duty is paid upon booking, but not collected until an occupied seat flies. Should a passenger be unable to fly they have a right to claim the paid tax back from the airline, although many airlines will charge an administrative fee for this service



New Rate	from Nov 2009	from Nov 2010	from Apr 2012	from Apr 2013
Band A (0 – 2000 miles)	£11	£12	£13	£13
Band B (2001 – 4000 miles)	£45	£60	£65	£67
Band C (4001 – 6000 miles)	£50	£75	£81	£83
Band D (over 6000 miles)	£55	£85	£92	£94

MARKET AT A GLANCE

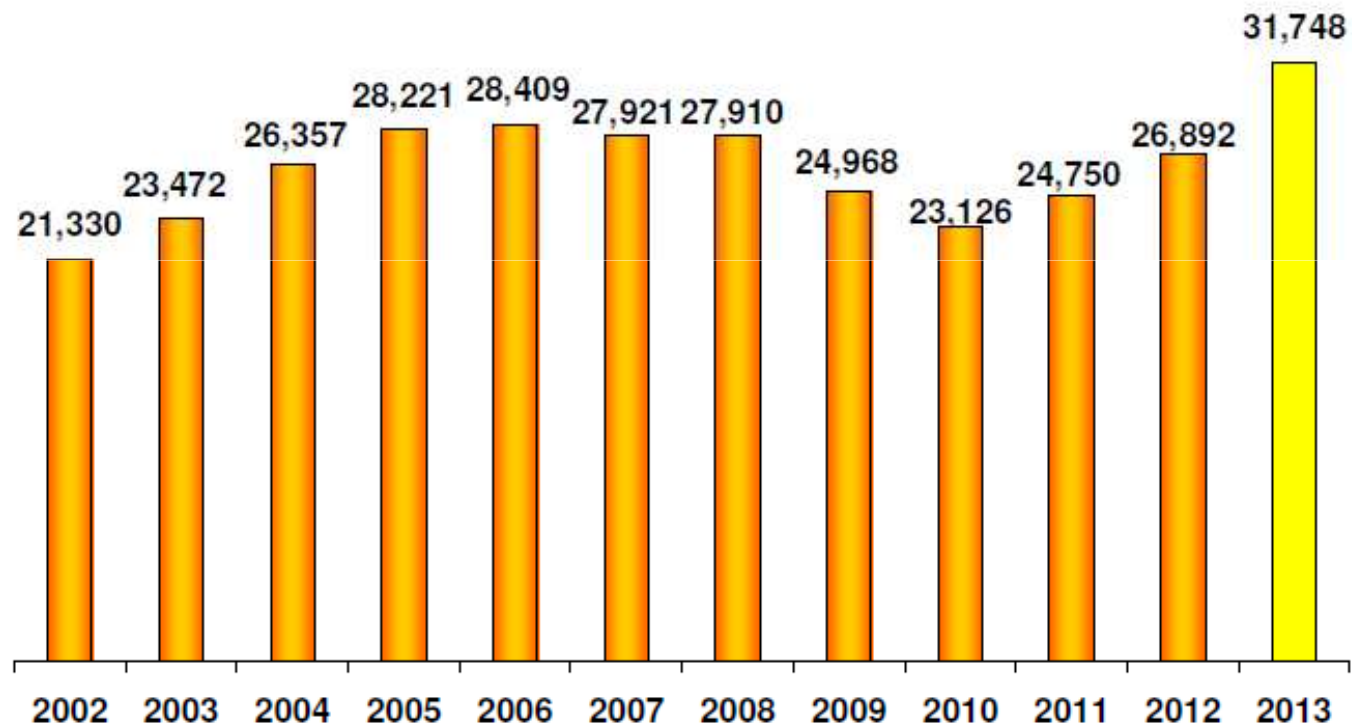


- The first four months of 2013 were very good for Arizona with BA delivering 18 percent more passengers than during the first three months of 2012
- BA has added 20,000 seats to its London / Phoenix route for 2013
- The additional seats are expected to result in direct arrivals growing to 104 thousand in 2013
- Arizona room rates were up 5.5% through to April 2013
- BA will continue to deliver thousands of passengers to Phoenix during 2013 if it can maintain its 2012 load factor of 87.9 percent

REDmarke Research

MARKET AT A GLANCE

UK/Phoenix deplanements up 18%
(# of direct UK deplanements into Phoenix YTD April each year)



Source: Sky Harbor Airport.

US BOUND TRAVEL STATISTICS BY UK RESIDENTS

2009 Year-end	3,899,167	
2010 Year-end	3,850,864	
2011 Year-end	3,835,300	
2012 Year-end	3,763,381	-1.9%

Forecast of UK travellers:

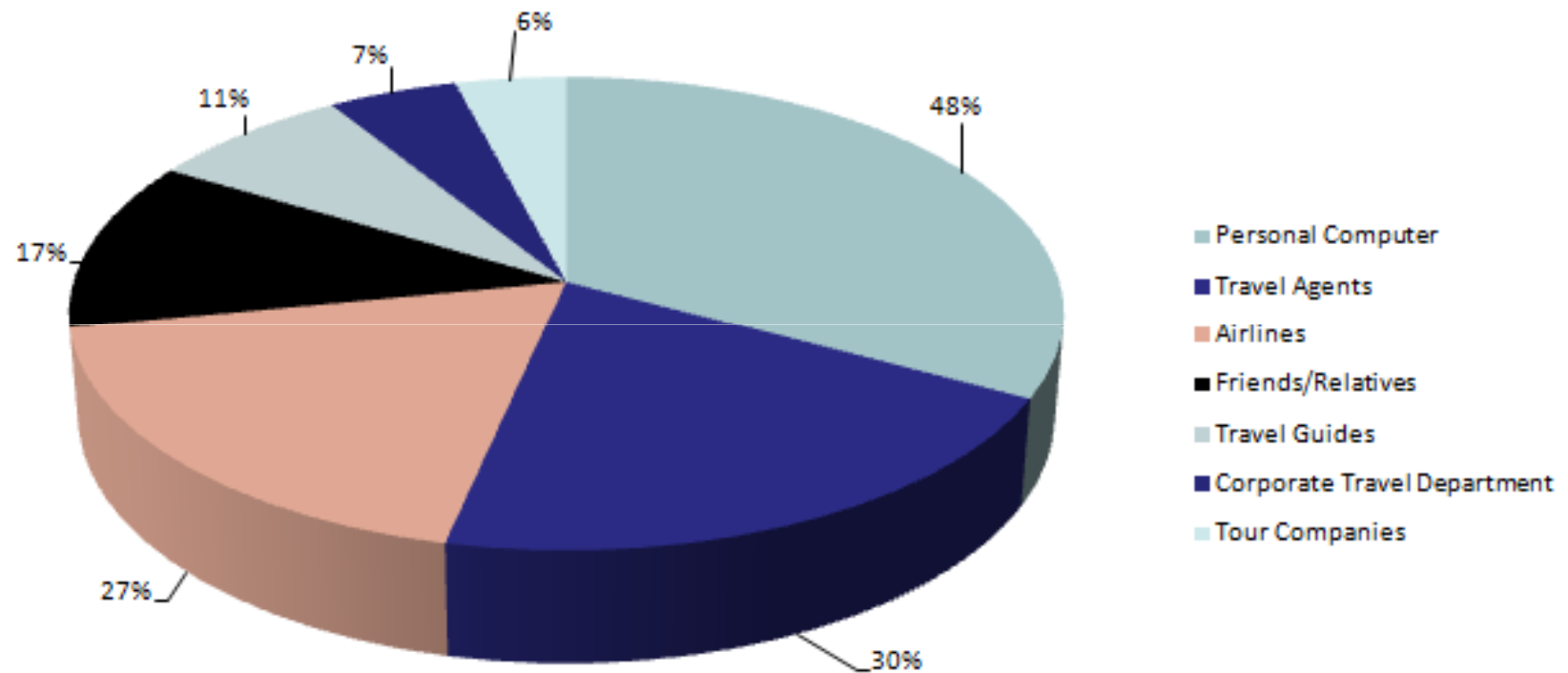
2012/13	-1%
2013/14	1%
2014/15	3%
2015/16	3%

(Updated June 2013, source: ITA, Office of Travel & Tourism Industries)

MARKET AT A GLANCE – THE TIMES REPORT



SOURCES OF INFORMATION



MARKET AT A GLANCE – TRAVEL TRADE TRENDS

- More UK travellers will surf the internet on mobile devices next year with 64% of UK mobile phone users now owning a smart phone
- More Brits are also shopping with their smart phones with 1 in 5 UK smart phone users shopping
- The hotel room portal is expecting a 20 percent increase in bookings made by a mobile device in 2014
- More bookings are expected to be made closer to the date of departure as well as at the destination – lastminute.com success in the 24hr period through their app
- Since tourism is one of the most perishable of all products (try selling last nights' hotel room today or today's empty airplane seat tomorrow), a narrower booking window can wreak havoc with pricing models
- Travel companies are turning to dynamic pricing techniques to maximize revenues through the destination experience
- Being on top of new developments and technology will aid travel industry bookings and undoubtedly build revenue – more targeted and accessible to those on the move



MARKET AT A GLANCE – TRAVEL TRADE TRENDS

- Difficult economic times force many travellers to look for greater value in their holiday travel purchases
- The all-inclusive or package travel market is the right product for many cash strapped consumers that still want to take a holiday
- According to an ABTA survey, 48 percent of foreign holiday travel involved a package compared with just 42 percent in 2011 and 37 percent in 2010
- The package holiday product provides travellers with greater control over their holiday spending while not having to worry about exchange rates
- The ABTA 2013 Travel Trends Survey reported that 70 percent of UK consumers believed that *“good value is essential or important when booking a holiday”*
- For 2013, UK travellers are expected to favour destinations they are most familiar with as economic uncertainty and low consumer confidence continues - Spain, Greece, Italy, the USA, France and Cyprus
- The solution – increased ranch holiday interest with an all-inclusive concept and value added extras such as resort credit, free breakfast and wifi



A photograph of a waterfall cascading over a rocky ledge into a pool of water, surrounded by lush greenery. The water is white and frothy as it falls, creating a misty spray at the base. The surrounding area is covered in dense green foliage and trees. The overall scene is serene and natural.

OVERVIEW OF MEDIA MARKET IN THE UK

UK MEDIA

How many national newspapers?

We're unusual in having more than just a few national newspapers. To a Frenchman, they can't understand why we don't have a national evening paper, like Le Monde.

Because of the small geographical area of the UK, and the good travel infrastructure, there are many national newspapers

Unlike France, the main national papers are morning newspapers; indeed, there are no national evening titles

UK newspapers are generally grouped into three, rather historical, groups - mass market tabloids, or "red-tops", middle-market tabloids and quality broadsheets

Unlike other European countries, there are no daily all-sport newspapers

Mass Market



Middle-Market



Quality



UK MEDIA

Media Closures



UK MEDIA

The fall and rise from print to digital

The Audit Bureau of Circulations figures published last month made grim reading

Sales of celebrity titles, such as Heat, Hello! and Closer have plummeted, squeezed out by celebrity websites and the Daily Mail's sidebar of shame

Declining sales do not mean the end for glossies

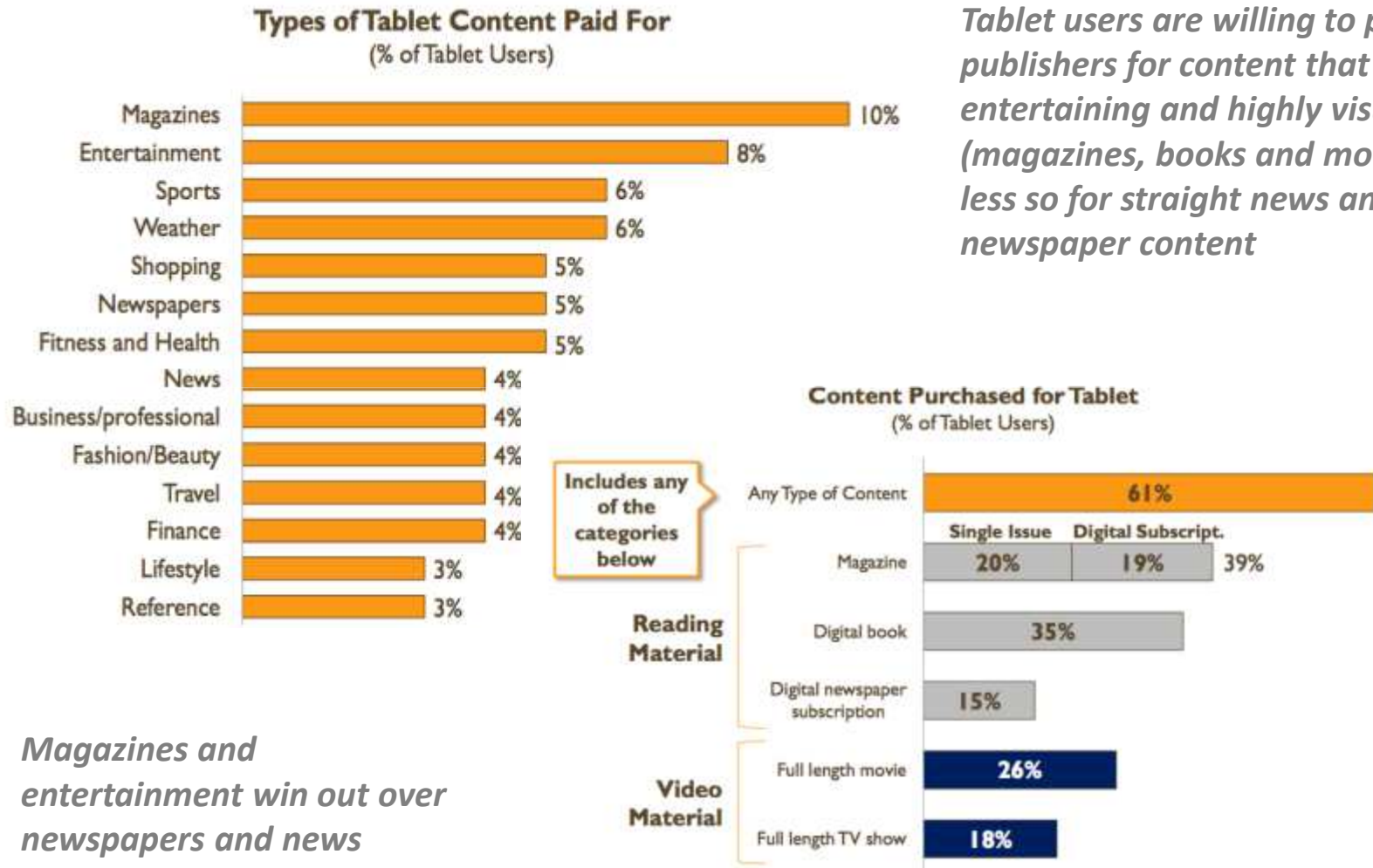
More platforms mean better ways of connecting people with their passions

In the hands of a strong magazine editor, myriad platforms just offer more ways of packing a magazine with endless goodies

Top Gear (down 16.7% in the ABCs) has a print product to linger over, but the iPad edition and the app, with its galleries and high-definition videos, its exclusive offers and interactivity, is where the magazine's strength now lies

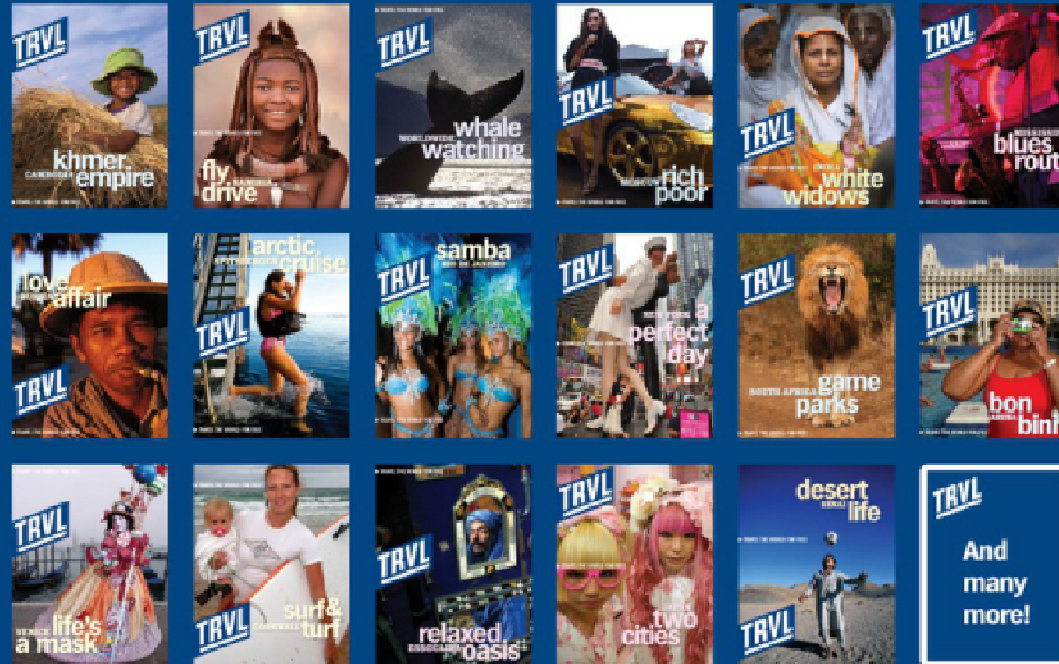


UK MEDIA



UK MEDIA

TRVL



TRAVEL THE WORLD FOR FREE

TRAVEL THE WORLD FOR FREE

UK MEDIA

Television

Television has been a highly resilient medium over the past 10 years

According to BARB, UK adults spent 4.3 hours per day watching television. Since 2002 viewing has increased among audiences aged 55 and over, and remained stable among 16-24s (2.8 hours per day).

However, viewing among 25-34s has decreased from 3.5 to 3.3 hours per day since 2005.

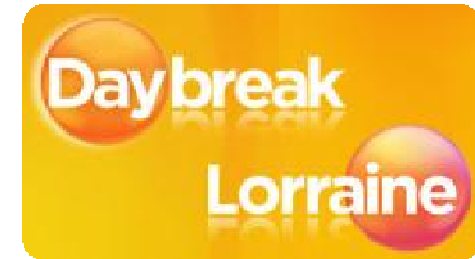
Travel needs to focus on niche opportunities – cooking, history, culture and reality in order to resonate with the audience today.

Radio

The average amount of time UK adults spend listening to radio each week has dropped from 24.4 to 22.5 hours over the past ten years, according to RAJAR.

This decrease has been largely driven by a drop among 15-24 year old listeners, from 21.8 hours in 2001 to 17 hours of listening a week in 2011.

There has been a less pronounced drop for the 65+ audience; from 26.6 hours a week in 2001 to 25.8 hours in 2011.



UK MEDIA

Online Content

Eighty per cent of UK homes now have internet access

While penetration is high among those aged under 55, it is much lower among the over-65s (46% in Q1 2012)

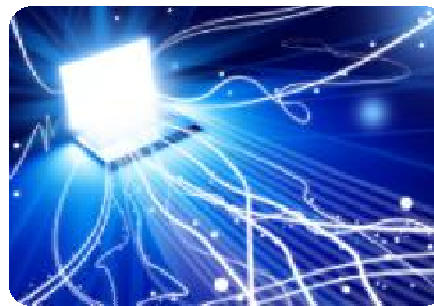
Tablet ownership has risen rapidly in the past year, from 2% of UK households in 2011 to 11% in 2012

Consumers are beginning to use social networks to navigate content online

With two-thirds of UK internet users on Facebook, it generates almost a quarter of all referred traffic to YouTube (23.7%), in contrast to Google's 32.3%

Facebook also refers traffic to other popular websites: BBC (11.2%), eBay (6.7%), Twitter (3.8%) and Wikipedia (3.6%)

Twitter, more than any other social media medium, is harnessed by travel journalists – pitching and word of mouth recommendations

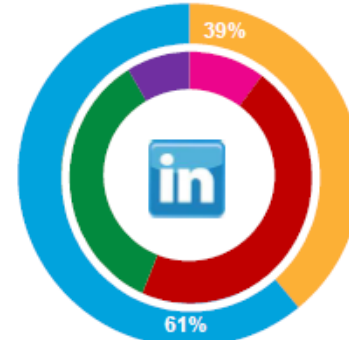
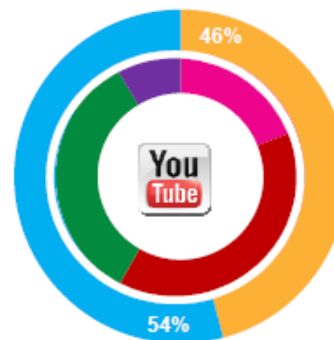
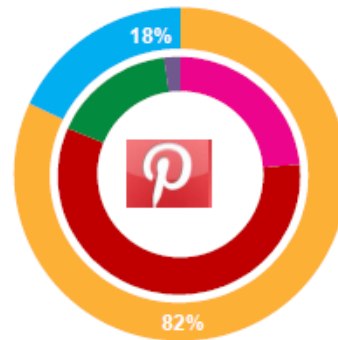
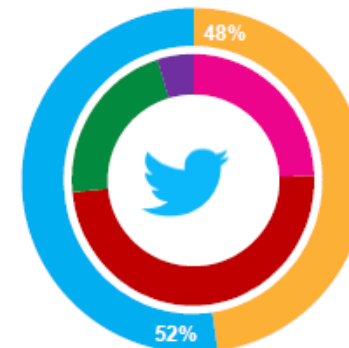
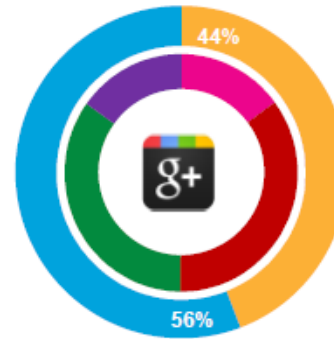
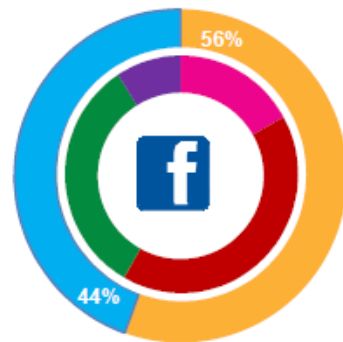


UK MEDIA

■ 16-23 ■ 24-44 ■ 45-64 ■ 65+

■ Male ■ Female

Gender
Age



Facebook : 8 Million
Pinterest : 0.25 Million

Google + : 3.8 Million
Youtube : 8 Million

Twitter : 1.8 Million
LinkedIn : 1 Million

PR ACTIVITY & COVERAGE





UK PR SUMMARY

OVERALL PRESS COVERAGE SUMMARY ***JULY 2012 – JUNE 2013***

ARTICLES GENERATED: 139

MEDIA VALUE: \$4.9million

CIRCULATION: 378,866,226

YEAR ON YEAR INCREASED FIGURES

TOTAL MEDIA VISITED: 28 (*2.3 journalists per month*)

UK PR SUMMARY

DEDICATED UK GROUP – MAY 13

PROJECTED REACH: 104 MILLION READERS

BIGGEST WEBSITE IN THE WORLD THREE OF THE TOP FOUR NATIONAL NEWSPAPERS



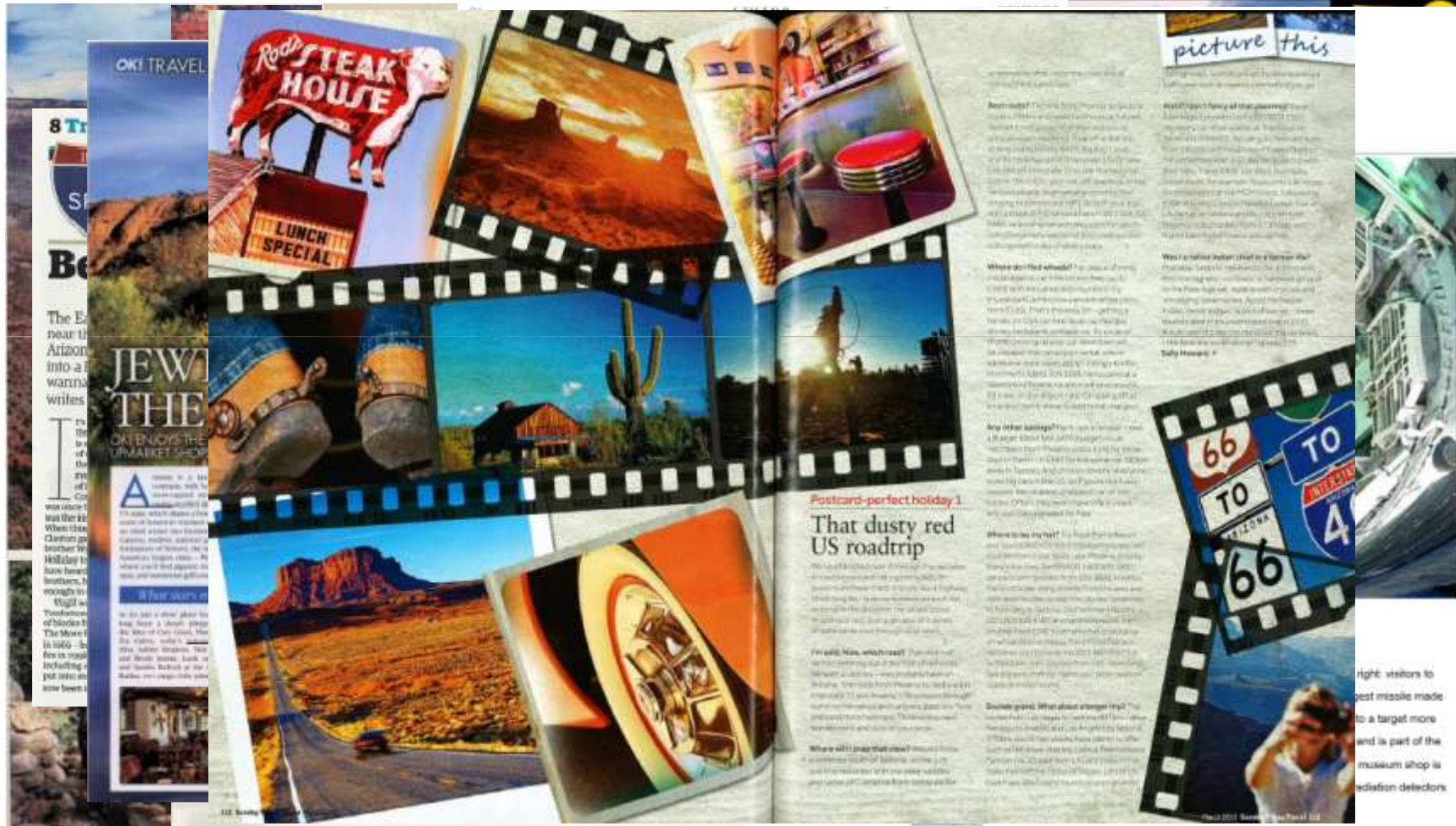
UK PR SUMMARY

UK & IRELAND MEDIA MISSION – MAY 13



UK PR SUMMARY

IMV AND GROUP PRESS TRIP COVERAGE



UK PR SUMMARY

OUT OF THE TRAVEL PAGES AND ON TO THE CATWALK





UPCOMING ACTIVITY



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CONTACT

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